[Mr. A. Lakshminarayana Aiyar]

situation is more acute. In spite of all possible action taken by Government, Sir, guided by your characteristic courage and foresight, in the matter of control, purchase and rationing, where we forestalled other Governments, the food position is still causing anxiety due to causes beyond our control and we are still awaiting with anxiety the implementing by the Central Government, of a fully organised scheme for the procurement and distribution of food grains especially in respect of deficit areas like Travancore.

Before I deal with the budget of the coming year based on these conditions, I shall, as usual, touch briefly on the results of the last year and the Revised Estimates of the current year.

Actuals of 1117.

2. For 1117, we budgeted for a revenue of Rs 280·73 lakhs and an expenditure of Rs 279·23 lakhs, thus anticipating a small surplus of Rs 1·5 lakhs. Due, however, to specially favourable conditions which prevailed during the year, the actuals, chiefly under Customs, Forest and Railways showed a marked upward trend. The revised estimate was therefore expected to go above the three-crore mark not reached before and was fixed at Rs 301·41 lakhs. The final accounts of the year showed a still further rise and stood at Rs 314·52 lakhs. The real figure is still higher, (*viz.*) Rs 320 lakhs as a sum of Rs 5·5 lakhs was removed from Customs receipts during the year to a suspense head. This sum of Rs 5·5 lakhs represents the extra duty on petrol included in Cochin Harbour receipts in the accounts of some previous years which should normally have been transferred to the Road Development Fund, but not so transferred. The adjustment of this amount to the credit of the Fund together with similar receipts for 1118 and 1119 will be effected in the accounts of 1119. The expenditure charged to revenue was kept well within the budget and amounted only to Rs 276·19 lakhs. There was thus a surplus of Rs 38·33 lakhs in the revenue account which was transferred to the Revenue Reserve Fund in accordance with the proposal made last year to dispose of the surplus.

3. In the capital section an amount of Rs 28·87 lakhs only could be spent against the budget of Rs 44·20 lakhs due to the difficulties in obtaining materials and equipment.

Revised Estimates of 1118.

4. I now turn to the year 1118. Owing to the uncertainties of the war situation, the budget for 1118 was framed on a conservative basis, although the prospect of our revenues reaching a high level as in 1117 was foreshadowed in my budget speech of last year. The results of 1118 as envisaged at present show that we had been too cautious. We expected a revenue of Rs 290·22 lakhs and an expenditure of Rs 285·13 lakhs with a resultant small surplus of Rs 5·09 lakhs. The latest revised estimate, however, shows that the revenue will be Rs 375·41 lakhs, creating again the highest record in the revenues of

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the State. The expenditure is estimated at Rs 294·57 lakhs thus resulting in a substantial surplus of Rs 80·84 lakhs. The surplus, it has to be noted, is not the result of normal conditions, but is due to adventitious circumstances mainly created by the War. In view of the unfavourable repercussions on the economic position which will be inevitable after the war, and having regard to the inevitable cycles of inflation and deflation it will be a prudent policy to fund all the special gains due to the war to be used to mitigate its later ill-effects. It is therefore proposed to credit the surplus of this year to a separate fund styled 'Post War Reconstruction Fund' in the accounts. The money in the Fund is intended to be utilised only for reconstruction purposes and similar surpluses arising in future during the period of the war are also proposed to be credited to the Fund. Any amount credited to the Fund cannot be considered excessive, considering the adverse economic situation which may have to be faced after the war. I shall now explain briefly the more important variations between the budget and revised estimates of 1118.

REVENUE.

5. War-time conditions due to high prices of our commercial crops are reflected in the increase of Rs 10·09 lakhs under Customs. We are getting more in land customs and the receipts from the Cochin Harbour are above the usual level and there is at present no reason to anticipate any big drop therein. Favourable economic conditions by way of greater spending power of the labouring classes have contributed to the increase in consumption of country-made liquor. With the addition also of about a rupee per gallon on the duty on arrack the Excise Revenue is expected to go up by Rs 16·63 lakhs. Due to a plethora of money in the country derived from the sale of commercial crops, war contracts and from remittances received from State subjects employed abroad on war occupations and in important labour operations, transactions relating to investments on land and redeeming of mortgages have increased to a phenomenal extent. The Stamp and Registration revenues have in consequence mounted up and an improvement of Rs 12·56 lakhs and Rs 7·64 lakhs, respectively, is anticipated under these heads. Larger sales and high prices of timber continue as in last year and this accounts for the betterment of Rs 5·06 lakhs under Forests. Large profits realised by trade and industry have yielded better collections of Income-tax and Super-tax and the revenue under Taxes on Income is expected to exceed the budget by Rs 6·90 lakhs.

6. The Railway receipts are expected to go above Rs 5 lakhs on account of increased traffic, resulting in a betterment of Rs 2·20 lakhs. It may be gratifying to note that our Railways are now well on the productive side. Under Miscellaneous Departments, large receipts from the Rubber Factory due to war-time profits chiefly account for an increase of Rs 6·37 lakhs. There is a considerable increase in the density of passenger and parcel traffic in the State Transport this year. Taking also into account the increase in rates by 25 per cent. from

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